

Perspectives

FOR ACTIVE
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

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Annual Enrollment Season

NDPERS Introduces New Vision Plan



ELIGIBILITY

Eligible employees are those employees who are at least 18 years of age, work at least 17 1/2 hours per week for 5 or more months per year, and whose positions are regularly funded and not of limited duration (i.e. permanent).



pay for your annual eye exam, you get nearly all your net cost back in benefits. In the years you purchase glasses or contact lenses, you get back much more than your net cost. This same cost benefit comparison can be done if your dependents are included.

PLAN ADVANTAGES

- Easy to understand.
- Affordable price, convenient payroll deduction.
- Freedom to choose your own optometrist.
- Participants can take advantage of special promotions, sales and discounts.
- Participants file their own claims and know in advance exactly what benefits will be.
- Toll-free telephone number directs you to specially trained staff that can answer your questions quickly and efficiently.
- Four-tier premium structure designed to accommodate your specific coverage needs.

PLAN HIGHLIGHTS

You can assure yourself of getting all or a majority of your premium back in the form of benefits if all you use is the exam benefit.

For example, if you have an annual eye exam, your benefit will be \$35.

If you enroll in the plan, your estimated employee-only annual net cost or change in take-home pay would be \$44.76 (\$3.73 x 12 months if you pre-tax the premium). If you use the plan to

RATES AND SERVICES

Plan Pays

Vision Examination (Once every 12 months)	\$ 35.00
Frames (Once every 12 months)*	40.00
Lenses - per pair of lenses (Once every 12 months)*	
Single vision	35.00
Bifocal	50.00
Trifocal	65.00
No-line bifocal or progressive power	70.00
Lenticular	70.00
Contact Lenses (Once every 12 months)*	75.00

DEDUCTIBLE

Lifetime Deductible per person
– applies to frames and contact
lenses only 40.00

**The benefit paid will be the lesser of the actual amount charged or the benefit shown above. You will be responsible for any cost over the plan benefit amounts. Benefits will be paid for glasses or contact lenses but not both each 12 months.*

Continued on page 2

Annual Enrollment Season

New Vision Plan continued...

PREMIUM INFORMATION

	Monthly Rates	After-tax Rates**
Employee only	\$ 4.96	\$ 3.73
Employee & spouse	9.92	7.46
Employee & child(ren)	9.04	6.80
Employee, spouse and child(ren)	14.00	10.54

This summary of benefits is intended to describe only a general outline, and does not represent the actual terms and conditions of the policy.

***Assumes 15% Federal, 2% State and 7.65 FICA tax savings by pre-tax payment of premium. Amount will vary depending on individual circumstances.*

FILING A CLAIM

Your claims may be filed either by you or your vision care provider. If your provider accepts assignment they will file the claim on your behalf with Ameritas. If your provider does not accept assignment, you may be required to pay the cost of the services and file the claim with Ameritas for reimbursement. Claims forms will be available through your payroll/human resource office. Ameritas will also accept the Universal Claim Form completed by your vision care provider.

Enrollment Period

The open enrollment period to apply for coverage in the vision, dental, FlexComp and life plans is from October 1 through November 15, 2002 with coverage effective January 1, 2003. You may enroll in the long-term care plan at any time. An open enrollment packet was mailed to your home address the week of September 23, 2002. Please be sure to read the materials for instructions on how to enroll in the plans. If you do not enroll during the open enrollment season, you may enroll during a future enrollment opportunity; however in the vision plan, you will be considered a late entrant. As a late entrant, no benefits will be payable for expenses incurred in the first twelve months except for the vision exam benefit.

If you did not receive an open enrollment packet, you may access the information on the NDPERS web site at discovernd.com/ndpers and select "Annual Enrollment Season" and then select "Active Employee," or you may call the NDPERS office at 701-328-3900 or 800-803-7377.

Dental Plan

No Increase in Dental Premiums

The PERS Board recently completed a national search for a dental plan carrier. Proposals were received from the existing carrier, ReliaStar, as well as three other carriers. The Board selected ReliaStar to continue to provide the coverage because they had the lowest premium with the highest level of benefit coverage. Also, with this product a member did not have to access services through a specific network but could go to any dentist. Another key factor in selecting this coverage was that ReliaStar's proposal had no increase in premiums for the next year. The premiums for this plan may be pre-taxed through the FlexComp plan, thereby reducing the cost of the premium from a member's take-home pay.



Long-term Care

A Benefit That's Receiving A Lot of Attention

Most people think of nursing home insurance when they hear the words long term care. Actually, long term care is protection for you and your assets even if you are in an accident that results in your need for long term care other than a nursing home. Almost one-half of the Americans now receiving long term care are under age 65 according to the Agency for Healthcare Research and Quality; 2000. NDPERS has been receiving more and more inquiries concerning the long term care plan provided by UNUM Provident, one of the nation's leading long term care providers. The coverage is easy to understand and with 16 options available, each applicant can tailor a plan to suit their individual needs. You do not have to wait for an annual enrollment period to apply for this coverage. You may enroll at any time.



FlexComp Plan



Make Your Hard-Earned Dollars Work Smarter For You

Last year, over 2,500 state employees enrolled in the FlexComp medical spending account, and over 400 employees enrolled in the dependent care account. The average annual medical spending election was \$1,200, and the average annual dependent care election was \$3,000. Paying for these expenses on a pretax basis helps participants reduce these costs because the dollars you contribute to the plan are exempt from income and social security taxes, which reduces the taxable income reported on your W-2 form. NDPERS processes claims on a daily basis to meet its goal of providing prompt efficient service to your requests for reimbursement. University System employees do not participate in the NDPERS FlexComp program.

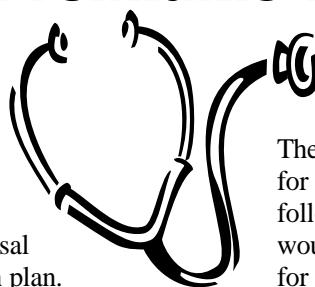
Life Insurance



Peace of Mind For You And Your Loved Ones

The NDPERS term life insurance plan underwritten by ReliaStar, offers you an opportunity each year to re-assess the adequacy of your life insurance coverage for you and your dependents. With the rising costs of funeral expenses, health insurance and other costs it is important to plan and provide for your family by having sufficient life insurance coverage. In addition to the life benefit, the plan also includes an accidental death and dismemberment benefit which will pay a percent up to double your amount of life coverage in the event you lose your life, limb or sight due to an accident.

Health Premiums for 2003-2005



At the August Board meeting, BCBS presented their renewal proposal for the group health plan.

The premium increase for active employees is approximately 26% for the July 1, 2003 through June 30, 2005 biennium. Approximately half of the increase relates to utilization and mix of services and technology and half of the increase relates to increases in the provider reimbursement schedule. The PERS Board will continue to discuss the proposed increase with BCBS and has directed staff to establish a committee to review the plan design for active employees.

The proposed premium increase effective July 1, 2003 for retired members is approximately 32%. The increase is higher for the Medicare retiree group due to the higher usage of prescription drugs which have an annual trend rate of 18%. The Board has directed that a committee also be established to review the plan design for retired members.

The Board also received cost estimates for several benefit enhancements. The following is the additional premium that would be needed per contract per month for that benefit to be added to the plan:

Routine Colonoscopy	
Screenings	\$2.37
Influenza Immunization @100%	0.71
PSA Tests @100%	0.10
Routine Sigmoidoscopy	
Screenings	0.76
Prescriptions for	
Nicotine Addiction	0.14
Oral Contraceptives & Injections	3.15

In the months to come the Board will continue to review the renewal proposal and options for changes in plan design with the goal of adopting final rates by April of 2003.

TIAA-CREF is interested in becoming a provider in the North Dakota Public Employees Retirement System Deferred Compensation Plan. Before a provider company is eligible to provide services under the Plan it must have at least 50 participants enrolled. The following briefly describes TIAA-CREF and explains how to obtain further information should you like to consider TIAA-CREF as a provider.

TIAA-CREF is a nonprofit organization, serving employees of educational and research institutions since 1918. With approximately \$250 billion in assets under management, TIAA-CREF is the largest pension system in the world, offering an array of high-quality financial products and retirement planning services. Today more than 2 million people at over 10,000 employers entrust their retirement savings to TIAA-CREF.

Here in North Dakota, TIAA-CREF has enjoyed a long-term relationship with the North Dakota University System, and other educational organizations, providing pension and related benefits to employees. If you would like to consider TIAA-CREF as your provider in the North Dakota Public Employees Retirement System Deferred Compensation plan, please call Linda Robinson at (800) 842-2009, or e-mail her at LRobinson@tiaa-cref.org.

NDPERS Statistics...

NDPERS manages and administers the following group benefit plans:

- Retirement
(Defined Benefit and Defined Contribution)
- Health Insurance
- Life Insurance
- Dental Insurance
(state agencies and retirees only)
- Employee Assistance Program
(state agencies only)
- 457 Deferred Compensation Plan
(supplemental retirement plan)
- 125 FlexComp Program
(state agencies only)
- Retiree Health Insurance
Credit Program
- Vision Plan (state agencies and retirees only, effective 1/1/03).

The accompanying chart outlines how many participating agencies and members we have in each plan.

	Retirement	Health	Life	Dental	EAP	Deferred Comp	FlexComp	Credit
Participation Agency								
State	92	92	92	92	92	92	77	92
Counties	41	36	27			32		41
School District	82	23	3			36		82
Cities	60	46	20			16		60
Others	45	49	20			19		45
Employees								
State	10,084	13,181	14,123	2,349	14,123	3,703	7,685	10,084
Counties	2,913	1,692	2,513			1,109		2,913
School District	3,955	1,301	60			496		3,955
Cities	361	835	149			155		361
Others	323	371	202			163		323
Legislators	0	130						
Retirees	5,302	4,742	3,339	873		1,000		3,340
COBRA		368						
Total:	22,938	22,620	20,386	3,222	14,123	6,626	7,685	20,976

Identity Theft

Identity theft occurs when a criminal uses another person's personal information to take on that person's identity. Identity theft is much more than misuse of a Social Security number-it can also include credit card and mail fraud. To help victims, the Social Security Administration (SSA) offers these Hotline numbers:

SSA's Fraud Hotline
1-800-269-0271 and
Federal Trade Commission (FTC)
ID Theft Hotline-1-877-IDTHEFT
(438-4338), providing:

- Up-to-date information about steps you can take to work with credit bureaus and law enforcement agencies to reclaim your identity.
- Replacement card if your Social Security card was stolen.
- Help in correcting your earnings records.
- A new Social Security number in certain circumstances.

SSA is taking steps to ensure that Social Security numbers are less accessible. They are strengthening their processes for issuing new Social Security numbers as well as replacement Social Security cards. Additionally, they are partnering with other federal agencies to find ways to detect and prevent identity theft.

Anyone who intentionally uses the Social Security number of another person to establish a new identity or defraud the government will be prosecuted to the fullest extent of the law. To get more information about Social Security numbers and identity theft, you can download the following publications:

Social Security Information

When Someone Misuses Your Number
(05-10064)

Social Security—Your Number and Card
(05-10021)

FTC Information

ID Theft—When Bad Things Happen To Your Good Name (2/01)



SSA's Fraud Hotline
1-800-269-0271

Federal Trade Commission (FTC)
ID Theft Hotline
1-877-IDTHEFT
(1-877-438-4338)

Uniformed Services Employment and Re-employment Rights Act (USERRA)

Following the events of September 11th, many employees covered by NDPERS benefits were called into active military duty. In October 2001, PERS requested an opinion from the Attorney General's office to review and determine the applicable requirements for the PERS benefit programs under the Uniformed Services Employment and Re-employment Rights Act (USERRA). Specifically, we requested clarification regarding the employer payment of retirement contributions. We had a previous opinion on this subject; however, we requested this new opinion to determine if changes in federal legislation had occurred that would change the conclusions in the previous opinion. NDPERS recently received the opinion from the Attorney General regarding our request. The complete opinion is available for your review on the PERS website under the News section at www.discovernd.com/ndpers.

IMPACT ON THE DEFINED BENEFIT AND DEFINED CONTRIBUTION RETIREMENT PLANS

The opinion confirmed that an employer can only pay the employer portion of the retirement contributions in a lump sum on behalf of a reservist called into active duty. The reservist is required to pay the employee contribution in order to receive the service credit. However, there were some conflicts between USERRA and our existing laws that the opinion pointed out. USERRA takes precedence and PERS will be submitting legislation to correct our laws during the next session.

The areas noted in the opinion are:

1. The opinion clarifies that the salary to be used in determining the cost to receive the credit should be based on the salary that would have accrued had the reservist not been called into active duty, rather than the salary the reservist is earning at the time of inquiry. If the salary can not be determined, then the opinion states that the employee's aver-

age rate of compensation during the 12-month period immediately preceding their call to active duty should be used.

2. The timeframe for the reservist to pay the required contribution to the plan is 3 times the period of active duty or 5 years, whichever is less. If the reservist does not purchase during this time-frame, then USERRA no longer applies. If the reservist is in the defined benefit plan, they would have to pay an actuarial cost to receive the credit. If the reservist is in the defined contribution plan, they will not be able to purchase the service as there are not any purchase provisions in the statute for this plan.
3. If a reservist chooses to make installment payments to the plan to purchase the service, the plan can not charge interest on the unpaid balance.

If the reservist is interested in receiving the service credit, PERS requires a photocopy of their DD214 or NGB22 Discharge form as verification. Also, the Purchase Agreement for USERRA Covered Military Active Duty SFN 17758 form will need to be completed by the reservist and his/her present employer. This form has recently been revised to provide updated purchase provision information based on the Attorney General's opinion and is available on the PERS website under the Retirement Plans section. Upon receipt of this paperwork, PERS will compute the cost for the reservist to receive the credit and will send written notification to the reservist. If the reservist chooses to purchase the service and begins payment, PERS will send a billing to the present employer for the required employer contributions. These contributions must be paid by the employer in a lump sum.

IMPACT ON THE 457 DEFERRED COMPENSATION PLAN

The Attorney General's opinion also confirmed that employers are required to allow returning employees to make up any elective deferrals the employees

would have been allowed to make to the state's Internal Revenue Code Section 457 deferred compensation plan had the member remained continuously employed. The opinion verified that if an employee makes a lump sum contribution to the deferred compensation account to make up any amounts missed as a result of the military service, the member will retroactively vest in the employer contribution under the Portability Enhancement Provision (PEP) pursuant to NDCC §54-52-11.1. The member's retroactive vesting would, by necessity, depend on the employee and employer contributions to the defined benefit plan actually being made.

The member may, but is not required to, make a lump sum contribution. The timeframe to make up the missed contributions is the same as that for the retirement plans in number two (2) above. The amount a member is eligible to make up is based on the amount the member was contributing prior to the call for active duty multiplied times the number of pay periods the member was in the uniformed services. All contributions to the Code Section 457 deferred compensation plan must be made on a pretax basis through automatic payroll deductions.

To make up contributions, the reservist must provide a photocopy of the DD214 or NGB22 discharge form as verification. This form must be submitted with a completed Participant Agreement for Salary Reduction, SFN 3803.

If you are an employee that was called into active duty and has since returned and have questions regarding regaining service in your retirement plan for USERRA covered military duty, please contact Rebecca at the NDPERS office for assistance. If your questions are regarding the 457 Deferred Compensation Plan, they should be directed to Diane Heck at the NDPERS office.

If You Call the NDPERS Office

When dialing (800) 803-7377 or 328-3900, a Member Services representative will answer your call and assist you with general questions about the PERS programs, including updates on program changes. The representatives will also take requests for benefit estimates, forms, brochures and benefit books. If you require additional services outside the scope of Member Services, the representative will be happy to transfer you to the staff member best equipped to assist you.

Our busiest times are the day after a holiday and the first week of every month. If you place a call to us during these high volume periods, please be patient. The calls will be placed in queue and answered in the order that they are received. Please stay on the line and a representative will be with you shortly. Your call is important to us.

Remember to visit and browse our website at

discovernd.com/ndpers

for information about NDPERS and its programs and operations.

The articles and opinions in this publication are for general information only and are not intended to provide specific advice or recommendations for any individual. We suggest that you consult your attorney, accountant, financial or tax advisor with regard to your individual situation. This newsletter is available in alternate formats upon request. Printed on recycled paper.

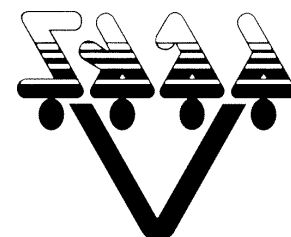
Who should you call?

The NDPERS office receives hundreds of phone calls each day from our membership and fortunately most of the questions can be answered by our staff. However, in the event you are calling about a health insurance claim or have coverage questions, please direct those calls to the Blue Cross Blue Shield service unit. BCBSND has 12 staff assigned to the NDPERS group that can assist you.

The next time you need assistance with your health insurance claims or have coverage questions – who should you call? BCBSND at 1-800-223-1704 or 282-1400 for Fargo area members. The North Dakota Relay Service toll-free number is 1-800-366-6888.

When Visiting the NDPERS Office...

Please make an appointment before stopping by the NDPERS office. Although staff will accommodate walk-ins when possible, an appointment will ensure that someone is available to assist you at the time you arrive. An appointment also allows staff to prepare appropriate benefit information for your individual needs.



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